

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1556 – SB 1743

January 28, 2020

SUMMARY OF BILL: Adds acupuncture, chiropractic treatment, occupational therapy, and physical therapy to the list of medical services that may be included under TennCare. Effective January 1, 2021.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$465,200/FY20-21
\$930,500/FY21-22 and Subsequent Years**

**Increase Federal Expenditures - \$898,200/FY20-21
\$1,796,400/FY21-22 and Subsequent Years**

Other Fiscal Impact – There could be savings if chiropractic care is used in lieu of other procedures. Due to a number of unknown factors, the timing and amount of any savings are not quantifiable.

Assumptions:

- The Division of TennCare (TennCare) does not currently cover chiropractic treatments for members who are 21 years of age and over. Acupuncture, occupational therapy, and physical therapy services are currently covered for all members.
- This analysis assumes TennCare will provide chiropractic services to members 21 years of age and over.

Costs for Chiropractic Care:

- Based on a Department of Health and Human Services (DHHS) Office of Inspector General Chiropractic Care Medicaid Coverage report dated September 1998, a total of 15 states offered chiropractic treatment for at least one year between 1994 and 1996. This is the most recent published study that can be located at this time that includes chiropractic Medicaid payment data.
- The 2018 Kaiser Family Foundation Medicaid Benefits Database, five states reported having no limitations on chiropractic services. Of those, Idaho, Minnesota, and New Jersey are included in the September 1998 DHHS report.
- In the report, chiropractic services represented an average of 0.0334 percent of Idaho's (0.0125), Minnesota's (0.0757), and New Jersey's (0.0120) total Medicaid expenditures.

- Assuming a similar usage, the increase in TennCare spend would be \$2,726,878 (\$8,164,304,254 total Medicaid expenditures x 0.0334%).
- Medicaid expenditures receive matching funds at a rate of 65.878 percent federal funds to 34.122 percent state funds. Of this amount, \$930,465 (\$2,726,878 x 34.122%) will be in state funds and \$1,796,413 (\$2,726,878 x 65.878%) will be in federal funds in FY21-22 and subsequent years.
- Due to the January 1, 2021 effective date, the increase in state expenditures in FY20-21 is estimated to be \$465,233 (\$930,465 x 50.0%). The increase in federal expenditures is estimated to be \$898,207 (\$1,796,413 x 50.0%).

Potential Savings

- It is unknown how many alternative services to chiropractic care will be eliminated, delayed or used in conjunction with chiropractic care.
- In 2018, TennCare spent approximately \$1,450,580 on surgical spine procedures for 459 patients. These patients had a primary diagnosis of low back pain or lumbar disc disorders.
- Additionally, TennCare spent \$4,576,587 on back surgeries for 1,621 patients in 2018.
- It is assumed TennCare expenditures for these procedures remain constant.
- While there could be some savings realized due to the option for chiropractic care in lieu of other spine services, the amount and timing of any such savings are not possible to quantify. Each one percent of savings on surgical spine procedures and back surgeries is estimated to be \$60,271 [(\$1,450,580 + \$4,576,587) x 0.01].

IMPACT TO COMMERCE:

Increase Business Revenue - \$1,363,400/FY20-21

\$2,726,900/FY21-22 and Subsequent Years

Increase Business Expenditures –

Less than \$1,363,400/FY20-21

Less than \$2,726,900/FY21-22 and Subsequent Years

Assumptions:

- Chiropractic care providers will experience an increase in business revenue for providing services.
- The increase in business revenue is estimated to be \$1,363,439 in FY20-21 (\$2,726,878 x 50%) and \$2,726,878 in FY21-22 and subsequent years.
- For companies to retain solvency, any increase in expenditures will be less than the amount of increased revenues collected. Therefore, the increase in business expenditures is estimated to be less than \$1,363,439 in FY20-21 and \$2,726,878 in FY21-22 and subsequent years.
- The proposed legislation will not increase the number of chiropractic care providers; therefore, any impact on jobs is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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